

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS & ENERGY

In re Competitive Market Issues Inquiry

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**COMMENTS OF THE MASSACHUSETTS CHAPTER OF THE
NATIONAL ASSOCIATION OF INDUSTRIAL AND OFFICE PROPERTIES**

Pursuant to the Department's request at its May 31, 2001 technical conference (the "Conference"), the Massachusetts chapter of the National Association of Industrial and Office Properties ("NAIOP") submits the following comments concerning the nascent competitive market for electricity in the Commonwealth.

Executive Summary

Comments

1. NAIOP is an advocacy, research and educational organization that represents the interests of companies that are involved with the development, ownership, management and financing of commercial properties. NAIOP has over 500 members in the Commonwealth, representing nearly 280 companies that own or manage over 100 million square feet of office, research-and-development, and industrial space. Founded in 1967, NAIOP's 9,500 national members are involved in the development and management of industrial, office and retail properties throughout the United States and Canada.

2. NAIOP agrees with the testimony of several witnesses who spoke on behalf of electricity consumers at the Conference (the Energy Consortium, the Greater Worcester Area Chamber of Commerce, and the Attorney General) that the Department's primary focus in these proceedings should be the ratepayer. The Department should not promote competition for competition's sake, or

for the sake of the competitors. Instead, the Department should promote those measures that will provide long-term price relief. Central to such relief are *measures to increase demand-side response* and *avoiding new subsidies*.

3. Demand-side Response. A truly competitive market requires both supply and demand to be responsive to price. The 1997 Restructuring Act and the Department's regulatory efforts since adoption of the Act have focused largely on "supply" issues. The Department should pay more attention in the remainder of the transition period under the Act (and thereafter) to making demand more responsive to price. Those efforts should begin first with commercial and industrial ratepayers, since according to virtually all of the Conference witnesses, the "supply" side of the market is more developed among those rate classes than in the residential market.

4. The Department should take several steps to make demand more responsive to price:
- **Require all distribution companies to offer advanced, real-time meters to commercial and industrial ratepayers.** Such meters should be capable of letting ratepayers and their designees monitor usage in real time.
 - **Require all distribution companies to provide to commercial and industrial ratepayers secure, on-line access to billing and historic demand information.** Such information should be made available in a format that permits the ratepayer to forward that information to anyone (including prospective suppliers, aggregators or brokers) that the ratepayer chooses.
 - **Remove all regulatory barriers to ratepayer participation in ISO-New England and other demand-side management programs.**
 - **Promulgate model distribution-company tariffs for interconnection and operation of distributed generation facilities.** Ratepayers in different service territories should expect uniform terms and conditions for connecting and operating distributed generation facilities. Such terms and conditions should promote, and not discourage, economical use of such facilities.

5. Rejecting New Subsidies. Several witnesses at the Conference urged the Department to adopt measures that would effectively subsidize the marketing efforts of prospective suppliers. These include measures requiring distribution companies to insert supplier advertising in distribution-company bills; shifting supplier bad-debt risk to the distribution companies; and providing distribution-company credits (presumably in excess of the company's cost of providing continued default service) to those default customers who elect to purchase supply competitively. All of these measures promote the fortunes of suppliers, but are borne by ratepayers – particularly those in the commercial and industrial classes.

Contacts

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Respectfully submitted,

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Dated: June 14, 2001